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Industrial Growth Slows Unexpectedly

By The Moscow Times

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Industrial production unexpectedly slowed last month as manufacturing growth eased.

Output at factories, mines and utilities rose 5.2 percent in July from a year earlier after growing 5.7 percent in June, the State Statistics Service in Moscow said Friday. The median estimate of 18 economists in a Bloomberg survey was 6.3 percent.

Economic growth in the world's largest energy exporter slowed in the April-June period for a second quarter as the pace of industrial production eased. Manufacturing contracted last month for the first time since December 2009 as weaker growth in China and the euro zone damped demand for commodities, according to HSBC Holdings.

"Demand wasn't rising as quickly as production," Valery Mironov, director of the Center of Development, an independent economic research institute that advises the Ministry of Economic Development, said by phone Friday before the release. "The situation will deteriorate sharply in August because the external shock will strongly pull down growth."

Manufacturing expanded 5.5 percent in July from a year earlier after growing 7.1 percent the previous month, the service said. Output at mines was 1.8 percent higher in July, while production at utilities advanced 1.9 percent.

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